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Message Text

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44
ACTION XMB-04

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /062 W
---------- 122985
R 041116Z NOV 75
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 620

UNCLAS KHARTOUM 2572

E.O. 11652: N/A
TAGS: EFIN, SU
SUBJECT: EXIM FINANCING FOR KENANA

REF: STATE 231925

1. TAHA EL-ROUBI, LOCAL GENERAL MOTORS AGENT, OCTOBER 31 REQUESTED EMBASSY'S ASSISTANCE IN APPROACHING EXIM BANK FOR APPROXIMATELY $10 MILLION IN LOANS AND GUARANTEES TO SUPPORT SALE OF GM TRUCKS AND TEREX EQUIPMENT TO GOS-CONTROLLED PUBLIC CORPORATION FOR EXCAVATIONS (PCE). EL ROUBI EXPLAINED THAT PCE HAD SUBCONTRACT WITH KENANA CORP. TO CONSTRUCT APPROXIMATELY ONE THIRD OF KENANA'S IRRIGATION WORKS, THAT PCE WOULD CONTINUE TO OWN AND EXPECT TO USE EQUIPMENT FOR MANY YEARS AFTER COMPLETION OF KENANA JOB, AND THAT THEREFORE IT NEEDED FINANCING SEPARATELY FROM THAT OFFERED KENANA CORP. (AS PER REFTEL). EL ROUBI SAID LOAN TO PCE WOULD HAVE BANK OF SUDAN GUARANTEE.

2. EMBOFF REPLIED THAT EXIM'S MISGIVINGS SUDANESE CREDITWORTHINESS IN GENERAL AND KENANA PROJECT IN PARTICULAR HAD LED TO IMPOSITION OF CERTAIN CONDITIONS IN KENANA LOAN OFFER AND MAY WELL ALSO MAKE APPROVAL OF APPLICATION FROM PCE DIFFICULT.
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NONETHELESS WE UNDERTOOK RELAY EL-ROUBI'S MESSAGE TO

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EXIM, IT BEING UNDERSTOOD THAT PCE WOULD HAVE TO
MAKE APPLICATION DIRECTLY TO EXIM FOR REQUESTED FINANCING.

3. COMMENT: OF ALL GOS CORPORATIONS, PCE IS
PROBABLY TECHNICALLY MOST CAPABLE. IN FACT, IBRD,
AFTER CONSIDERABLE INVESTIGATION, DECIDED GO ALONG WITH
PROPOSAL THAT PCE CONSTRUCT IRRIGATION WORK FOR $250 MILLION RAHAD
PROJECL. HENCE WE BELIEVE AN APPLICATION FROM PCE
FOR FINANCING MERITS EXIM ATTENTION INDEPENDENT OF
THAT GIVEN TO KENANA PROJECT FOR WHICH EQUIPMENT
INITIALLY WOULD BE USED. THERE IS VERY SUBSTANTIAL
MEDIUM AND LONG-RANGE POTENTIAL FOR SALES OF TRUCKS
AND EARTH MOVING EQUIPMENT AS SUDAN IMPLEMENTS ITS
LARGE IRRIGATION AND ROAD PROJECTS. DOUBTS RE
SPECIFIC PROJECTS LIKE KENANA SHOULD NOT, IN OUR
VIEW, OVERLY COLOR DECISIONS ON EQUIPMENT WITH
USEFUL LIFE FAR LONGER THAN PROJECT CONSTRUCTION
PERIODS.
BREWER

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